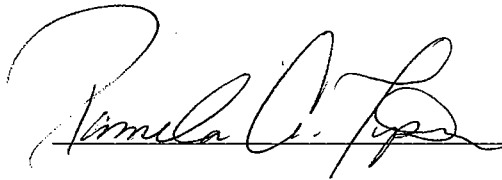



ALABAMA PUBLIC SERVICE COMMISSION

COUNTY OF Fulton  
STATE OF Georgia

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Pamela A. Tipton, who being by me first duly sworn depose and said that he/she is appearing as a witness on behalf of BellSouth Telecommunications, Inc. before the Alabama Public Service Commission in Docket No. 29054, IN RE: Implementation of the Federal Communications Commission's Triennial Review Order (Phase II - Local Switching for Mass Market Customers), and if present before the Commission and duly sworn, his/her statements would be set forth in the annexed direct testimony consisting of 16 pages and 7 exhibits.



SWORN TO AND SUBSCRIBED BEFORE ME  
THIS 14 DAY OF JANUARY, 2004

 Linda M. Hobbs Notary Public

Notary Public, Gwinnett County, Georgia  
My Commission Expires March 17, 2007

1                   BELLSOUTH TELECOMMUNICATIONS, INC.  
2                   DIRECT TESTIMONY OF PAMELA A. TIPTON  
3                   BEFORE THE ALABAMA PUBLIC SERVICE COMMISSION  
4                   DOCKET NO. 29054, PHASE II  
5                   JANUARY 20, 2004  
6

7    Q.    PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH  
8           TELECOMMUNICATIONS, INC. ("BELLSOUTH"), AND YOUR  
9           BUSINESS ADDRESS.  
10

11   A.    My name is Pamela A. Tipton. I am employed by BellSouth  
12           Telecommunications, Inc., as a Director in the Interconnection Services  
13           Department. My business address is 675 West Peachtree Street, Atlanta,  
14           Georgia 30375.  
15

16   Q.    PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.  
17

18   A.    I am responsible for implementation of state and federal regulatory  
19           mandates for the Local and Access markets, the development of  
20           regulatory strategies, and the management of the switched services  
21           product portfolio.  
22

23   Q.    PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.  
24  
25

1 A. I received a Bachelor of Arts in Economics from Agnes Scott College in  
2 1986, and a Masters Certification in Project Management from George  
3 Washington University in 1996. I have over 15 years experience in  
4 telecommunications, with my primary focus in the areas of process  
5 development, services implementation, product management, marketing  
6 strategy, and regulatory policy implementation. I joined Southern Bell in  
7 1987, as a manager in Interconnection Operations, holding several roles  
8 over a 5-year period, including process development and execution,  
9 quality controls and services implementation. In 1994, I became a Senior  
10 Manager with responsibility for End User Access Services and  
11 implementation of Virtual and (later) Physical Collocation. In 2000, I  
12 became Director, Interconnection Services, responsible for development  
13 and implementation of UNE products, and later development of marketing  
14 and business strategies. I assumed my current responsibilities in June  
15 2003.

16  
17 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

18  
19 A. The purpose of my testimony is to identify the geographic markets in  
20 BellSouth's territory in Alabama where the local switching self-provisioning  
21 trigger established by the Federal Communications Commission ("FCC")  
22 in its Triennial Review Order ("TRO") and new rules has been satisfied and  
23 where Competitive Local Exchange Carriers ("CLECs"), therefore, are not  
24 impaired without access to unbundled switching. The switching "triggers"

1 are set forth at 47 C.F.R. § 51.319(d)(2)(iii)(A), which states that “a state  
2 commission shall find that a requesting telecommunications carrier is not  
3 impaired without access to local circuit switching on an unbundled basis in  
4 a particular market where either the self-provisioning trigger ... or the  
5 wholesale facilities trigger ...is satisfied.” My testimony focuses on the  
6 self-provisioning trigger. BellSouth is not at this time attempting to make a  
7 showing of no impairment based on switching being wholesaled by other  
8 providers.

9  
10 I also provide data identifying the actual competition that exists in some of  
11 the geographic markets where the FCC’s triggers are not met. This data  
12 supports the conclusion of other BellSouth witnesses that, pursuant to the  
13 FCC’s “potential deployment” method of impairment evaluation, CLECs  
14 are not impaired without access to BellSouth’s unbundled local switching  
15 in certain markets where the self-provisioning trigger is not met.

16  
17 Q. ARE CLECS USING THEIR OWN SWITCHES TO SERVE CUSTOMERS  
18 IN ALABAMA?

19  
20 A. Yes. CLECs have deployed more than 40 switches which provide service  
21 in Alabama, at least 8 of which are serving “mass market” customers. The  
22 definition of “mass market” customers is discussed further below and in  
23 more detail in the testimony of BellSouth witness, John Ruscilli. Exhibit

1 PAT-1 is a list of CLEC switches which provide service in Alabama. As  
2 described in BellSouth witness Keith Milner's testimony, each switch is  
3 capable of serving CLEC customers throughout the entire market (or  
4 larger) area.

5  
6 Q. UNDER WHAT CIRCUMSTANCES IS THE LOCAL SWITCHING SELF-  
7 PROVISIONING TRIGGER SATISFIED?

8  
9 A. 47 C.F.R. § 51.319(d)(2)(iii)(A)(1) states that the local switching self-  
10 provisioning trigger is satisfied when "three or more competing providers  
11 not affiliated with each other or the incumbent LEC, including intermodal  
12 providers of service comparable in quality to that of the incumbent LEC,  
13 each are serving mass market customers in the particular market with the  
14 use of their own local circuit switches."

15  
16 Q. WHEN APPLYING THE FCC'S SELF-PROVISIONING SWITCHING  
17 TRIGGER, IS IT AS SIMPLE AS COUNTING WHETHER THERE ARE  
18 THREE OR MORE ENTITIES SELF-PROVISIONING SWITCHING TO  
19 MASS MARKET CUSTOMERS?

20  
21 A. Yes, as a practical matter, it is that simple. The only qualifications under  
22 the FCC's rule are that: 1) the entities used to meet the trigger cannot be  
23 affiliated with each other, or with the incumbent local exchange carrier

1 (“ILEC”); 2) if the self-provisioning entity is an “intermodal” provider, its  
2 service must be comparable in quality to that of the ILEC; and 3) the self  
3 provisioning carriers must not have indicated that they intend to terminate  
4 service to mass market customers in the relevant geographic area.  
5 Satisfaction of the trigger is dependent upon counting the number of  
6 entities self-provisioning switching that meet those criteria.  
7

8 Q. MAY THE COMMISSION LOOK AT SUBJECTIVE EVIDENCE OF  
9 IMPAIRMENT IN APPLYING THE SELF-PROVISIONING TRIGGER?

10  
11 A. No. The FCC’s rule makes clear that the self-provisioning trigger is purely  
12 objective. The Order also explicitly states that other than the objective  
13 count of CLECs, “states shall not evaluate any other factors, such as the  
14 financial stability or well-being of the competitive switch providers.” Order  
15 ¶ 500 (emphasis added). The self-provisioning trigger is straightforward:  
16 the Commission must find “no impairment” for unbundled switching when  
17 three or more unaffiliated competing carriers are serving mass market  
18 customers in a particular market. Order ¶ 501 (emphasis added). This  
19 objectivity allows trigger determinations to be made quickly and  
20 accurately, and avoids the need for “protracted proceedings.” Order ¶  
21 498.  
22  
23

1 Q. ARE THERE ANY EXCEPTIONS TO THE RULE?

2

3 A. Yes, there is one, but it is not applicable in Alabama. In Paragraph 503 of  
4 the TRO, the FCC said: "In exceptional circumstances, states may  
5 identify specific markets that facially satisfy the self-provisioning trigger,  
6 but in which some significant barrier to entry exists such that service to  
7 mass market customers is foreclosed even to carriers that self-provision  
8 switches." The FCC then gave an example of where this exception would  
9 apply, identifying the situation where there was no collocation space  
10 available. As BellSouth witness Wayne Gray testifies, collocation space is  
11 not an issue in Alabama. Importantly, even in circumstances where the  
12 state commission finds what it believes to be an exceptional source of  
13 impairment, it must petition the FCC for a waiver of the application of the  
14 trigger.

15

16 Q. IN DETERMINING WHERE CLECS MIGHT BE IMPAIRED WITHOUT  
17 ACCESS TO BELL SOUTH'S UNBUNDLED SWITCHING, WHAT  
18 DETERMINATIONS, OTHER THAN THE TRIGGER ANALYSIS, MUST  
19 THE COMMISSION MAKE?

20

21 A. The Commission must determine the identity of the appropriate  
22 geographic market that will be used to conduct the impairment analysis,  
23 and it must determine the appropriate definition of "mass market"

1 customers. BellSouth witness Dr. Chris Pleatsikis testifies that geographic  
2 markets should be defined by the Unbundled Network Element (“UNE”)  
3 rate zones previously identified by this Commission, subdivided by  
4 Component Economic Areas (“CEAs”) established by the Bureau of  
5 Economic Analysis of the Department of Commerce. BellSouth witness  
6 John Ruscilli testifies that, for this proceeding, BellSouth adopted the  
7 FCC’s default demarcation point to divide the market between “mass  
8 market” and “enterprise” customers. If a customer location has three or  
9 fewer voice grade equivalent lines served by a particular CLEC, the  
10 customer is a “mass market” customer. If the customer location has four  
11 or more voice grade equivalent lines served by a particular CLEC, the  
12 customer is an “enterprise” customer.

13  
14 Q. APPLYING THE DEFINITION OF THE GEOGRAPHIC MARKET THAT  
15 BELL SOUTH ADVOCATES, HOW MANY DIFFERENT MARKETS ARE  
16 THERE IN BELL SOUTH’S ALABAMA SERVICE TERRITORY?

17  
18 A. There are 34 markets in BellSouth’s Alabama service area. Attached, as  
19 Exhibit PAT-2, is a map that shows the 34 separate markets in Alabama.

20  
21 Q. IN HOW MANY OF THESE MARKETS IS THE FCC’S SELF-  
22 PROVISIONING TRIGGER MET, SUCH THAT THE COMMISSION



1 MUST MAKE A FINDING OF “NO IMPAIRMENT?”

2

3 A. The FCC’s self-provisioning trigger is met in 3 of the 34 market areas.

4

5 Q. PLEASE IDENTIFY THE MARKETS WHERE THE FCC’S SELF-  
6 PROVISIONING TRIGGER HAS BEEN MET?

7

8 A. Attached as Exhibit PAT-3 is a list of the markets in Alabama where the  
9 self-provisioning trigger is met. Attached as Exhibit PAT-4 is a highlighted  
10 map of Alabama showing the markets where the self-provisioning trigger  
11 is met.

12

13 Q. CAN YOU IDENTIFY THE CLECS THAT ARE SELF-PROVISIONING  
14 SWITCHING TO SERVE MASS MARKET CUSTOMERS IN THE  
15 MARKETS THAT YOU HAVE IDENTIFIED AS MEETING THE  
16 TRIGGER?

17

18 A. Yes. Attached as Exhibit PAT-5 is a list of the CLECs that are using their  
19 own switching to serve mass-market customers in the market areas that I  
20 have identified as meeting the trigger. We believe there may be additional  
21 CLECs that are self-provisioning switching to mass market customers in  
22 these and other markets, and we are in the process of reconciling data  
23 relating to these CLECs. I may need to supplement my testimony as

1 additional information becomes available. BellSouth requests that Exhibit  
2 PAT-5 be treated as confidential because while the Commission needs to  
3 know where CLECs have self-provisioned switching serving mass-market  
4 customers, these locations and the identity of the CLECs' customers are  
5 proprietary, and it is very important to these CLECs that this information  
6 not be made available to their competitors. BellSouth has signed  
7 confidentiality agreements with a number of CLECs, promising that this  
8 material would not be used by or given to BellSouth's marketing  
9 organization, for obvious reasons, or otherwise publicly disclosed.

10

11 Q. WHERE DID BELL SOUTH OBTAIN THE INFORMATION UPON WHICH  
12 YOU BASE YOUR CONCLUSIONS ABOUT WHETHER THE FCC'S  
13 SELF-PROVISIONING TRIGGER IS MET IN A PARTICULAR  
14 GEOGRAPHIC MARKET?

15

16 A. We have relied both upon information obtained from the CLECs and from  
17 data that is available from BellSouth's records. We asked CLECs to  
18 identify the market areas where they serve mass-market customers using  
19 their own switching and to provide detailed information about the number  
20 and location of the customers they serve in those markets. Unfortunately,  
21 while some CLECs were cooperative and provided the information  
22 requested, others did not respond or objected to providing the information

1 requested, claiming that BellSouth had such information in its possession  
2 already. BellSouth thus relied on the information it had for these CLECs.

3

4

5 Q. WHAT DID YOU ASK THE CLECS TO PROVIDE TO BELL SOUTH?

6

7 A. We asked the CLECs to identify the switches that they owned, and to tell  
8 us where they were providing service to customers using those switches,  
9 organized by BellSouth wire center serving area. We asked the CLECs to  
10 identify customer locations by the number of CLEC lines provided to each  
11 location, ranging from 1 line up to more than 10 lines. ITC^DeltaCom  
12 ("DeltaCom") was the only CLEC that provided us with useful information,  
13 and we have used that information to determine the areas where the self-  
14 provisioning trigger is satisfied.

15

16 Q. CAN YOU TELL US WHAT YOU DID ABOUT THE CLECS WHO OWN  
17 THEIR OWN SWITCHES, BUT WHO DID NOT PROVIDE YOU WITH  
18 THE INFORMATION YOU REQUESTED?

19

20 A. Yes. For CLECs that objected to providing the information or otherwise  
21 did not provide the requested information, BellSouth used the data it had  
22 available to determine the total number and the location of the mass

1 market customers. We used one method to identify residential customers  
2 and a separate method to identify business customers.

3  
4 With regard to residential customers, we identified all telephone numbers  
5 that had been “ported” from BellSouth to another carrier. The fact that the  
6 number was “ported” meant that the customer is being served by another  
7 telecommunications provider who had access to a switch that it either self-  
8 provided or obtained from another carrier. Our database reflects the  
9 carrier to whom the number was ported. We compared these ported  
10 numbers against BellSouth’s directory listing database. The purpose of  
11 doing this was to confirm that we were including only residential numbers  
12 and to obtain an address for the ported number. We identified  
13 “residential” customers by looking at their service classifications in the  
14 Directory Listings database. We then sorted the ported “residential”  
15 numbers by address, so that we could determine how many CLEC lines  
16 were provided at that particular address to ensure that we excluded  
17 customer locations with more than three lines, such as nursing homes  
18 (because BellSouth is using 3 or fewer lines as the demarcation point to  
19 designate “mass market” customers). I note that this method has the clear  
20 tendency to understate the number of customers served by CLECs  
21 because it does not capture the customers to whom BellSouth has never  
22 provided local service or those who abandoned their BellSouth number  
23 and obtained a new number provided by a CLEC.

1

2 Q. WHAT METHOD DID YOU USE TO IDENTIFY THE BUSINESS MASS  
3 MARKET CUSTOMERS THAT ARE SERVED BY A SELF-  
4 PROVISIONED CLEC SWITCH?

5

6 A. Except for those customers served by a carrier using solely its own  
7 facilities, like the cable companies, most mass market customers receiving  
8 local exchange service from a CLEC that is self-provisioning switching are  
9 still served via a UNE loop that the CLEC leases from BellSouth. Our loop  
10 inventory database contains a class of service indicator. Therefore, we  
11 extracted a list of all business class loops from BellSouth's database.  
12 From this database, we learned the identity of the CLECs who lease UNE  
13 loops and the service address where each loop terminates. We grouped  
14 the business class service addresses, and identified those service  
15 addresses where there were three or fewer loops terminated. By  
16 matching those locations to the geographic markets we had identified, we  
17 could determine how many CLECs were providing local service to mass-  
18 market customers in each of the geographic markets.

19

20 Q. WOULD THE LOOP RECORDS HAVE ALLOWED YOU TO IDENTIFY  
21 BOTH "RESIDENTIAL" AND "BUSINESS" MASS MARKET CUSTOMERS  
22 THAT ARE BEING SERVED BY A SELF-PROVISIONED CLEC  
23 SWITCH?

1

2 A. No. The loop records would not have allowed us to identify carriers who  
3 provide service using solely their own facilities, such as cable companies,  
4 who generally only provide service to residential subscribers. In cases  
5 where facilities-based providers would not provide the information we  
6 requested to determine if it is self-provisioning switching, using ported  
7 numbers was the only way to identify customers being served by those  
8 carriers.

9

10 Q. HAVE YOU PROVIDED THE PRECISE CUSTOMER LOCATION FOR  
11 EACH OF THE CUSTOMERS OF THE CLECS WHO ARE SELF-  
12 PROVISIONING SERVICE?

13

14 A. No, because that is not necessary. We have identified the UNE Zones  
15 further subdivided by Component Economic Areas in which these  
16 customers are located. As BellSouth witness Keith Milner discusses in  
17 greater detail in his testimony, the CLECs have made it clear that their  
18 networks are not configured like BellSouth's, and that they are relying on  
19 fewer switches and more transport to serve their customers. AT&T has  
20 stated in a proceeding before this Commission that it "has the ability to  
21 connect virtually any qualifying local exchange customer in Alabama to  
22 one of [its] switches through AT&T's dedicated access services". (Docket  
23 No. 27889, Direct Testimony of Richard T. Guepe, April 16, 2001.) Given

1           that, the actual physical location of the individual end users in each market  
2           area is not relevant. If the CLECs have chosen to serve customers in  
3           BellSouth's serving areas, according to the CLECs, their switch can serve  
4           any customers in those areas.

5

6    Q.    IN DR. ARON'S TESTIMONY, SHE IDENTIFIES AN ADDITIONAL 23  
7           GEOGRAPHIC MARKETS IN ALABAMA WHERE THE FCC'S  
8           TRIGGERS ARE NOT MET, BUT WHERE BELL SOUTH HAS  
9           CONCLUDED THAT CLECS ARE NOT IMPAIRED WITHOUT ACCESS  
10          TO UNBUNDLED SWITCHING BASED ON THE FCC'S "POTENTIAL  
11          DEPLOYMENT" METHODOLOGY. DO YOU HAVE INFORMATION  
12          REGARDING ACTUAL CLEC DEPLOYMENT IN THOSE MARKETS?

13

14   A.    Yes, I do. In addition to the FCC's triggers tests, the FCC provided that  
15          there could be other circumstances in which a CLEC would not be  
16          impaired without access to an incumbent's unbundled switching. The  
17          FCC instructed the state commissions to look at those geographic markets  
18          that did not meet either of the triggers tests, and to evaluate those markets  
19          based on the actual competition that exists, also considering any  
20          operational or economic barriers that might exist.

21

22          Specifically, the FCC states that competitive switching serving customers  
23          in the *enterprise* market is a "significant indicator of the possibility of

1 serving the mass market because of the demonstrated scale and scope  
2 economies of serving numerous customers in a wire center using a single  
3 switch.” ¶ 508. The FCC further states that “to the extent there is a switch  
4 in an area serving the local exchange mass market, this fact must be  
5 given particularly substantial weight.” ¶ 510.

6  
7 With respect to the 23 geographic markets where the trigger is not met,  
8 but where BellSouth has concluded that CLECs are not impaired without  
9 access to BellSouth’s unbundled switching, CLECs are serving mass-  
10 market customers using their own switches in 13 of those markets.

11 These 13 markets are listed in Exhibit PAT-6. In Exhibit PAT-7, I identify,  
12 for these 13 areas, the CLECs that are providing service using their own  
13 switches. Exhibit PAT-7 contains proprietary confidential business  
14 information (just as did my earlier exhibit that identified CLECs serving  
15 specific geographic areas).

16  
17 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

18  
19 A. The FCC has created a “bright line” test for impairment with regard to  
20 unbundled switching. Where there are three or more unaffiliated CLECs  
21 providing switching in the relevant geographic areas using their own  
22 switch, the Commission must conclude that CLECs are not impaired  
23 without access to the incumbent local exchange carrier’s switch, end of



1 inquiry. In Alabama, a number of CLECs are providing service to mass  
2 market customers using their own switches. Indeed, for all of the market  
3 areas I identified where the trigger is met, there are three such CLECs.  
4 There are as many as four different providers in a single market. CLECs  
5 are not impaired in those market areas without access to BellSouth's  
6 unbundled switching. Moreover, with respect to the 23 geographic  
7 markets where the "potential deployment" test is satisfied, CLECs are  
8 providing service to mass market customers using their own switches in  
9 13 of these markets, even though the FCC's switching triggers have not  
10 been met. The fact of actual deployment in these markets must be given  
11 substantial weight in determining lack of impairment. Finally, it is likely  
12 that with cooperation from a greater number of CLECs in providing data,  
13 the facts will show that CLECs are serving a greater number of customers,  
14 in more markets, than those set forth in my testimony.

15

16 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

17

18 A. Yes.

19